

Introduced by Committee on Budget and Fiscal Review

January 20, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to amend Sections 14041, 14041.6, and 52055.770 of, and to add Section 14401.1 to, the Education Code, to amend Sections 927.2, 927.4, 927.6, 927.7, 927.11, 8880.61, 13943.1, and 13943.2 of, and to add Sections 13311.1, 16583.1 and 16583.2 to, the Government Code, to amend Section 7104.2 of the Revenue and Taxation Code, to amend Section 35 of Chapter 757 of the Statutes of 2008, and to amend Sections 39, 40, and 41 of, Chapter 12 of the Statutes of 2009, relating to state finances, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 74, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2009.~~ *State finances.*

(1) Existing law requires the Controller to draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in prescribed amounts and in a prescribed manner.

This bill would revise the schedule pursuant to which the Controller draws these warrants and the amount of the warrants.

(2) The Quality Education Investment Act of 2006 authorizes school districts and other local educational agencies to apply to the Superintendent of Public Instruction to receive funding to allocate to elementary and secondary schools and charter schools that are ranked in either decile 1 or 2 on the 2005 API for use in performing various specified measures to improve academic instruction and pupil academic

achievement. Three hundred million dollars is appropriated from the General Fund for purposes of the act with \$450,000,000, for each of the 2008–09 to 2013–14 fiscal years, inclusive, to be allocated to community colleges and to school districts, and chartering authorities that have eligible schools.

This bill would require, commencing with the 2009–10 fiscal year, that the payments of the annual amount not be made sooner than October 8 of the fiscal year.

(3) Existing law, the California Prompt Payment Act, requires a state agency that acquires property or services pursuant to a contract with a business to make payment to the person or business on the date required by the contract, or be subject to a late payment penalty. The act provides that the maximum time from state agency receipt of an undisputed invoice to issuance of a warrant for payment is 45 calendar days. The act requires the payment of specified penalties to the claimant if the state agency fails to submit a correct claim schedule to the Controller by the required payment approval date, or if the Controller fails to make a payment within 15 calendar days of receipt of the claim schedule from the state agency, as specified.

This bill would require late payment penalties to be paid to the claimant if payment is not issued within 45 calendar days from state agency receipt of an undisputed invoice, but would require the state agency and Controller to pay those penalties only when a payment is not issued within 45 calendar days from state agency receipt of the undisputed invoice, and the state agency fails to submit a correct claim schedule by the required payment approval date, or the Controller fails to make a payment within 15 calendar days of receipt of the claim schedule from the state agency. The bill would define “payment” for purposes of these provisions.

(4) The California Lottery Act establishes the State Lottery Fund. The act, an initiative measure, provides that certain provisions may be changed by a bill that furthers the purposes of the act and is passed by a ²/₃ vote of each house of the Legislature and signed by the Governor. The act, until September 30, 2009, authorizes the Controller to loan moneys in the State Lottery Fund to the General Fund and requires the payment of interest at a specified rate on all moneys loaned to the General Fund.

This bill would delete the September 30, 2009, repeal date for those provisions authorizing the loan of moneys from the State Lottery Fund, thereby extending their operation indefinitely.

This bill would declare that it furthers the purposes of the California State Lottery Act.

(5) Existing law authorizes the Director of Finance, to defer payment of General Fund moneys, in a cumulative amount not to exceed \$500,000 annually, appropriated to the University of California in the annual Budget Act, as specified.

This bill would additionally authorize the Director of Finance to defer payments of General Fund moneys in July through September 2009 in an amount not to exceed \$750,000,000, appropriated to the University of California in the Budget Act of 2009, as specified. The bill would specify the schedule of payments for the amount deferred, as specified. The bill would also authorize the Director of Finance to defer payments of General Fund moneys in July 2009 in an amount not to exceed \$290,000,000, appropriated to the California State University in the Budget Act of 2009, as specified. That deferred payment would be made in October 2009.

(6) Existing law releases a person from a debt owed to the Franchise Tax Board, under specified conditions, including that the Franchise Tax Board is discharged from collecting the debt which is less than \$250.

This bill would increase the amount of the debt that the Franchise Tax Board is discharged from collecting to less than \$500.

(7) Existing law does not require a state agency to collect a tax, license, fee, or money owed to the state, under specified conditions, including that the amount to be collected is \$250 or less.

This bill would increase that amount to \$500 or less.

(8) Existing law, the Accounts Receivable Management Act, requires each state agency, department, and office to allocate collection resources by giving highest priority to accounts with the highest expected return.

This bill would authorize these state entities to impose a reasonable fee for the actual costs of its collection of past due accounts, and require them to submit an annual report to the Controller of its accounts receivables and discharged accounts.

(9) Existing law, pursuant to Article XIX B of the California Constitution, creates the Transportation Investment Fund, which receives a portion of gasoline sales tax revenues that are deposited in the General Fund. Moneys in the Transportation Investment Fund are allocated to various transportation purposes, including the state transportation improvement program, local streets and roads, and mass

transportation. Existing law requires the Controller to transfer and apportion these funds on a quarterly basis.

This bill would suspend and defer, until May 31, 2010, the quarterly apportionments from the Transportation Investment Fund for local streets and roads that are scheduled to be made in October 2009 and January 2010. The bill would authorize a city or county to temporarily make use of any cash balance in its city or county road fund, including certain transportation bond act funds, for local street and road maintenance, provided that the cash is replaced once the payments from the Transportation Investment Fund are received.

(10) Existing law appropriates \$540,000,000 from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts for expenditure during the 2009–10 fiscal year and defers the disbursal of those funds until July of the 2009–10 fiscal year. Existing law makes an identical appropriation for expenditure during the 2010–11 fiscal year and defers the disbursal of those funds until July of the 2010–11 fiscal year.

This bill would increase those appropriations and deferments to \$655,000,000 with \$57,500,000 of those appropriations and deferments representing the April apportionment and \$57,500,000 representing the May apportionment.

(11) Existing law defers to July the payment of \$115,000,000 of the apportionments to community college districts for each of the months of January and February and \$55,000,000 of the apportionments to community college districts for each of the months of March and April.

This bill, in addition, would defer to July the payment of \$57,500,000 of the apportionments to community college districts for each of the months of April and May.

(12) This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14041 of the Education Code is amended
2 to read:

14041. (a) The Controller shall draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in the amounts and manner ~~as herein~~ prescribed *in this section* so as to provide in each warrant a portion of the total amount certified by the Superintendent of Public Instruction as apportioned under the provisions of Sections 41330 to 41343, inclusive, and Chapter 4 (commencing with Section 41600) and Chapter 5 (commencing with Section 41700) and Article 2 (commencing with Section 42237) of Chapter 7 of Part 24 of Division 3 of Title 2, inclusive, during the fiscal year from the State School Fund to the school districts under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(1) Warrants for amounts allowed to the county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to ~~6 5 percent~~ 5 percent in July, ~~12 5 percent~~ 12 5 percent in August, ~~10 percent in September, and 8 and 9 percent~~ 8 and 9 percent in each remaining month of the fiscal year of the amounts certified by the Superintendent of Public Instruction as a part of the advance apportionment.

(2) Warrants for amounts apportioned to school districts and county school service funds for classes maintained by county superintendents of schools and to the county school tuition funds shall be for amounts equal to ~~6 5 percent~~ 5 percent in July, ~~12 5 percent~~ 12 5 percent in August, and ~~8 9 percent~~ 8 9 percent in September, October, November, December, and January, of the amounts certified by the Superintendent of Public Instruction as a part of the advance apportionment.

(3) Warrants in the months of February to May, inclusive, shall be for amounts equal to ~~one-sixth~~ *one-fifth* of the difference between the amounts certified by the Superintendent of Public Instruction for school districts and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the first principal apportionment and the amounts required by paragraph (2). ~~An additional one-sixth of such difference shall be included in the warrants for the month of February.~~

(4) Warrants for the month of June shall be for amounts equal to the difference between the amounts certified by the Superintendent of Public Instruction for school districts and county

1 school service funds for classes maintained by county
2 superintendents of schools and county school tuition funds as the
3 second principal apportionment and the amounts required by
4 paragraphs (2) and (3).

5 (5) *Warrants in the months of July and August shall include 5*
6 *percent of the estimated total amounts of the special purpose*
7 *apportionment, as determined by the Superintendent.* Warrants in
8 the months of September to November, inclusive, shall include
9 ~~one-tenth~~ 9 percent of the estimated total amounts of the special
10 purpose apportionment, as determined by the Superintendent of
11 ~~Public Instruction~~. Warrants in December shall include ~~one-tenth~~
12 9 percent of the amounts certified by the Superintendent of ~~Public~~
13 ~~Instruction~~ as the special purpose apportionment, as adjusted, if
14 necessary, to correct excesses or deficiencies in the estimates made
15 for purposes of the warrants in the months of September to
16 November, inclusive. An additional ~~one-tenth~~ 9 percent of the
17 amounts of the special purpose apportionment shall be included
18 in the warrants for the months from January to June, inclusive.

19 (6) Warrants in June shall include the total amounts certified
20 by the Superintendent of ~~Public Instruction~~ as the final
21 apportionment.

22 (7) Notwithstanding paragraph (2) to the contrary, for school
23 districts ~~which~~ *that* reported less than 5,000 units of average daily
24 attendance in the 1979–80 fiscal year and ~~which~~ *that* received 39
25 percent or more, but less than 75 percent, of their total revenue
26 limits from local property taxes in that fiscal year, warrants for
27 amounts apportioned to the districts shall be for amounts equal to
28 15 percent in July, August, September, and October; zero percent
29 in November and December; and 6 percent in January of the
30 amounts certified by the Superintendent of ~~Public Instruction~~ as
31 a part of the advance apportionment. Warrants for amounts
32 apportioned to the districts for the months of February to May,
33 inclusive, shall be in accordance with paragraph (3), and for the
34 month of June, shall be in accordance with paragraph (4).

35 (8) Notwithstanding paragraph (2) or (7) to the contrary, for
36 school districts which reported less than 5,000 units of average
37 daily attendance in the 1979–80 fiscal year and which received 75
38 percent or more of their total revenue limits from local property
39 taxes in that fiscal year, warrants for amounts apportioned to the
40 districts shall be for amounts equal to 15 percent in July; 30 percent

1 in August and September; 15 percent in October; zero percent in
2 November and December; 6 percent in January; and zero percent
3 in February, March, April, and May, of the amounts certified by
4 the Superintendent of Public Instruction as a part of the advance
5 apportionment. Warrants for the month of June shall be in
6 accordance with paragraph (4).

7 (b) The drawing of the warrants required to be drawn during
8 any one of the months mentioned may be postponed by the
9 Controller for not to exceed 30 days, but the total amounts due the
10 several counties during any fiscal year shall be paid within the
11 fiscal year. The warrants shall be paid by the State Treasurer from
12 the State School Fund and are not subject to the provisions of
13 Government Code Section 925.6.

14 *SEC. 2. Section 14041.6 of the Education Code is amended to*
15 *read:*

16 14041.6. (a) Notwithstanding subdivision (a) of Section 14041,
17 or any other law, commencing with the 2008–09 fiscal year,
18 warrants for the principal apportionments for the month of February
19 in the amount of two billion dollars (\$2,000,000,000) instead shall
20 be drawn in July of the same calendar year pursuant to the
21 certification made pursuant to Section 41339.

22 (b) *Notwithstanding subdivision (a) of Section 14041 or any*
23 *other law, commencing with the 2009–10 fiscal year, warrants for*
24 *the principal apportionments for the month of April in the amount*
25 *of six hundred seventy-eight million six hundred eleven thousand*
26 *dollars (\$678,611,000) and for the month of May in the amount*
27 *of one billion dollars (\$1,000,000,000) instead shall be drawn in*
28 *August of the same calendar year pursuant to the certification*
29 *made pursuant to Section 41339.*

30 ~~(b)~~
31 (c) Except as provided in subdivisions (c) and (e) of Section
32 41202, for purposes of making the computations required by
33 Section 8 of Article XVI of the California Constitution, the
34 warrants drawn pursuant to ~~subdivision (a)~~ subdivisions (a) and
35 (b) shall be deemed to be “General Fund revenues appropriated to
36 school districts,” as defined in subdivision (c) of Section 41202,
37 for the fiscal year in which the warrants are drawn and included
38 within the “total allocations to school districts and community
39 college districts from General Fund proceeds of taxes appropriated

pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

SEC. 3. Section 14401.1 is added to the Education Code, to read:

14401.1. Of the amounts appropriated in the items listed in paragraph (2) of subdivision (a) of Section 42605 that are contained in the annual Budget Act, payments equal to 5 percent of the total amount appropriated in those items shall be made for the months of July and August. Payments for the months of September to June, inclusive, shall be equal to 9 percent of the total amount appropriated in those items.

SEC. 4. Section 52055.770 of the Education Code is amended to read:

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars (\$500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars (\$900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars (\$1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (f):

(1) For the 2007–08 fiscal year, three hundred million dollars (\$300,000,000), to be allocated as follows:

(A) Thirty-two million dollars (\$32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring

1 of additional faculty to expand the number of career technical
2 education programs and course offerings.

3 (B) Two hundred sixty-eight million dollars (\$268,000,000) for
4 transfer by the Controller to Section A of the State School Fund
5 for allocation by the Superintendent pursuant to this article.

6 (2) For each of the 2008–09 to 2013–14 fiscal years, inclusive,
7 four hundred fifty million dollars (\$450,000,000) per fiscal year,
8 to be allocated as follows:

9 (A) Forty-eight million dollars (\$48,000,000) for transfer by
10 the Controller to Section B of the State School Fund for allocation
11 by the Chancellor of the California Community Colleges to
12 community colleges as required under subdivision (e).

13 (B) Four hundred two million dollars (\$402,000,000) for transfer
14 by the Controller to Section A of the State School Fund for
15 allocation by the Superintendent pursuant to this article.

16 (C) *Commencing with the 2009–10 fiscal year, payments*
17 *pursuant to subparagraphs (A) and (B) shall not be made sooner*
18 *than October 8 of each fiscal year.*

19 (d) For the 2013–14 fiscal year the amounts appropriated under
20 subdivision (c) shall be adjusted to reflect the total fiscal settlement
21 agreed to by the parties in California Teachers Association, et al.
22 v. Arnold Schwarzenegger (Case Number 05CS01165 of the
23 Superior Court for the County of Sacramento) and the sum of all
24 fiscal years of funding provided to fund this article shall not exceed
25 the total funds agreed to by those parties. This annual appropriation
26 shall continue to be made until the Director of Finance reports to
27 the Legislature, along with all proposed adjustments to the
28 Governor’s Budget pursuant to Section 13308 of the Government
29 Code, that the sum of appropriations made and allocated pursuant
30 to subdivision (c) equals the total outstanding balance of the
31 minimum state educational funding obligation to school districts
32 and community college districts required by Section 8 of Article
33 XVI of the California Constitution and Chapter 213 of the Statutes
34 of 2004 for the 2004–05 and 2005–06 fiscal years, as determined
35 in subdivision (a) or (b) of Section 41207.1.

36 (e) The sum transferred under subparagraph (A) of paragraph
37 (2) of subdivision (c) shall be allocated by the Chancellor of the
38 California Community Colleges as follows:

39 (1) Thirty-eight million dollars (\$38,000,000) to the community
40 colleges for the purpose of providing funding to the community

1 colleges to improve and expand career technical education in public
2 secondary education and lower division public higher education
3 pursuant to Section 88532, including the hiring of additional faculty
4 to expand the number of career technical education programs and
5 course offerings.

6 (2) Ten million dollars (\$10,000,000) to the community colleges
7 for the purpose of providing one-time block grants to community
8 college districts to be used for one-time items of expenditure,
9 including, but not limited to, the following purposes:

10 (A) Physical plant, scheduled maintenance, deferred
11 maintenance, and special repairs.

12 (B) Instructional materials and support.

13 (C) Instructional equipment, including equipment related to
14 career-technical education, with priority for nursing program
15 equipment.

16 (D) Library materials.

17 (E) Technology infrastructure.

18 (F) Hazardous substances abatement, cleanup, and repair.

19 (G) Architectural barrier removal.

20 (H) State-mandated local programs.

21 (3) The Chancellor of the California Community Colleges shall
22 allocate the amount allocated pursuant to paragraph (2) to
23 community college districts on an equal amount per actual
24 full-time-equivalent student (FTES) reported for the prior fiscal
25 year, except that each community college district shall be allocated
26 an amount not less than fifty thousand dollars (\$50,000), and the
27 equal amount per unit of FTES shall be computed accordingly.

28 (4) Funds allocated under paragraph (2) shall supplement and
29 not supplant existing expenditures and may not be counted as the
30 district contribution for physical plant projects and instructional
31 material purchases funded in Item 6870-101-0001 of Section 2.00
32 of the annual Budget Act.

33 (f) The appropriations made under subdivision (c) are for the
34 purpose of discharging in full the minimum state educational
35 funding obligation to school districts and community college
36 districts pursuant to Section 8 of Article XVI of the California
37 Constitution and Chapter 213 of the Statutes of 2004 for the
38 2004–05 fiscal year, and the outstanding maintenance factor for
39 the 2005–06 fiscal year resulting from this additional payment of
40 the Chapter 213 amount for the 2004–05 fiscal year.

(g) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state’s minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars (\$1,620,928,000) in appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund Revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2005–06 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

(h) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars (\$2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of *Williams v. California* (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars (\$5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the secretary, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(i) Notwithstanding any other provision of law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be available for reappropriation only in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(j) The sum of three hundred fifty thousand dollars (\$350,000) is hereby appropriated from the General Fund to the State Department of Education to fund 3.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

SEC. 5. Section 927.2 of the Government Code is amended to read:

927.2. The following definitions apply to this chapter:

(a) “Claim schedule” means a schedule of invoices prepared and submitted by a state agency to the Controller for payment to the named claimant.

(b) “Grant” means a signed final agreement between any state agency and a local government agency or organization authorized to accept grant funding for victim services or prevention programs administered by any state agency. Any such grant is a contract and subject to this chapter.

(c) “Invoice” means a bill or claim that requests payment on a contract under which a state agency acquires property or services or pursuant to a signed final grant agreement.

(d) “Medi-Cal program” means the program established pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(e) “Nonprofit public benefit corporation” means a corporation, as defined by subdivision (b) of Section 5046 of the Corporations Code, that has registered with the Department of General Services as a small business.

(f) “Nonprofit service organization” means a nonprofit entity that is organized to provide services to the public.

(g) “Payment” means the issuance of a warrant or a registered warrant by the Controller, or the issuance of a revolving fund check by a state agency, to a claimant in the amount of an undisputed invoice.

~~(g)~~

(h) “Reasonable cause” means a determination by a state agency that any of the following conditions are present:

(1) There is a discrepancy between the invoice or claimed amount and the provisions of the contract or grant.

(2) There is a discrepancy between the invoice or claimed amount and either the claimant’s actual delivery of property or services to the state or the state’s acceptance of those deliveries.

(3) Additional evidence supporting the validity of the invoice or claimed amount is required to be provided to the state agency by the claimant.

(4) The invoice has been improperly executed or needs to be corrected by the claimant.

(5) The state agency making the determination or the claimant involved has been subject to a computing or accounting failure related to the Year 2000 Problem.

~~(h)~~

(i) “Received by a state agency” means the date an invoice is delivered to the state location or party specified in the contract or grant or, if a state location or party is not specified in the contract or grant, wherever otherwise specified by the state agency.

~~(i)~~

(j) “Required payment approval date” means the date on which payment is due as specified in a contract or grant or, if a specific date is not established by the contract or grant, 30 calendar days following the date upon which an undisputed invoice is received by a state agency.

~~(j)~~

(k) “Revolving fund” means a fund established pursuant to Article 5 (commencing with Section 16400) of Division 4 of Title 2.

~~(k)~~

(l) “Small business” means a business certified as a “small business” in accordance with subdivision (d) of Section 14837.

~~(l)~~

(m) “Small business” and “nonprofit organization” mean, in reference to providers under the Medi-Cal program, a business or organization that meets all of the following criteria:

(1) The principal office is located in California.

(2) The officers, if any, are domiciled in California.

1 (3) If a small business, it is independently owned and operated.

2 (4) The business or organization is not dominant in its field of
3 operation.

4 (5) Together with any affiliates, the business or organization
5 has gross receipts from business operations that do not exceed
6 three million dollars (\$3,000,000) per year, except that the Director
7 of Health Services may increase this amount if the director deems
8 that this action would be in furtherance of the intent of this chapter.

9 ~~(m)~~

10 (n) “Year 2000 Problem” has the same meaning as that set forth
11 in subdivision (a) of Section 3269 of the Civil Code.

12 *SEC. 6. Section 927.4 of the Government Code is amended to*
13 *read:*

14 927.4. Except as otherwise provided in this chapter, to avoid
15 late payment penalties, the maximum time from state agency
16 receipt of an undisputed invoice to ~~issuance of a warrant for the~~
17 ~~date of payment is 45 calendar days, including not more than 30~~
18 ~~calendar days from the state agency to submit a correct claim~~
19 ~~schedule to the Controller, and not more than 15 calendar days for~~
20 ~~the Controller to issue the warrant. If payment is not issued within~~
21 ~~45 calendar days from the state agency receipt of an undisputed~~
22 ~~invoice, late payment penalties shall be paid to the claimant in~~
23 ~~accordance with Sections 927.6 and 927.7.~~

24 *SEC. 7. Section 927.6 of the Government Code is amended to*
25 *read:*

26 927.6. (a) State agencies shall pay applicable penalties, without
27 requiring that the claimant submit an additional invoice for these
28 amounts, whenever the state agency fails to submit a correct claim
29 schedule to the Controller by the required payment approval date
30 ~~and payment is not issued within 45 calendar days from the state~~
31 ~~agency receipt of an undisputed invoice.~~ The penalty shall cease
32 to accrue on the date the state agency submits the claim schedule
33 to the Controller for payment, and shall be paid for out of the state
34 agency’s funds. If the claimant is a certified small business, a
35 nonprofit organization, a nonprofit public benefit corporation, or
36 a small business or nonprofit organization that provides services
37 or equipment under the Medi-Cal program, the state agency shall
38 pay to the claimant a penalty of one-quarter of 1 percent of the
39 amount due, per calendar day, from the required payment date.
40 However, a nonprofit organization shall only be eligible to receive

1 a penalty payment if it has been awarded a contract or grant in an
2 amount less than five hundred thousand dollars (\$500,000).

3 (b) For all other businesses, the state agency shall pay a penalty
4 at a rate of 1 percent above the rate accrued on June 30 of the prior
5 year by the Pooled Money Investment Account, not to exceed a
6 rate of 15 percent, except that, if the amount of the penalty is
7 seventy-five dollars (\$75) or less, the penalty shall be waived and
8 not paid by the state agency. On an exception basis, state agencies
9 may avoid payment of penalties, for failure to submit a correct
10 claim schedule to the Controller by the required payment approval
11 date, by paying the claimant directly, from the state agency's
12 revolving fund within 45 calendar days following the date upon
13 which an undisputed invoice is received by the state agency.

14 *SEC. 8. Section 927.7 of the Government Code is amended to*
15 *read:*

16 927.7. The Controller shall pay claimants within 15 calendar
17 days of receipt of a correct claim schedule from the state agency.
18 If the Controller fails to make payment within 15 calendar days
19 of receipt of the claim schedule from a state agency, *and payment*
20 *is not issued within 45 calendar days from state agency receipt of*
21 *an undisputed invoice*, the Controller shall pay applicable penalties
22 to the claimant without requiring that the claimant submit an
23 invoice for these amounts. Penalties shall cease to accrue on the
24 date full payment is made, and shall be paid for out of the
25 Controller's funds. If the claimant is a certified small business, a
26 nonprofit organization, a nonprofit public benefit corporation, or
27 a small business or nonprofit organization that provides services
28 or equipment under the Medi-Cal program, the Controller shall
29 pay to the claimant a penalty of one-quarter of 1 percent of the
30 amount due, per calendar day, from the 16th calendar day following
31 receipt of the claim schedule from the state agency. However, a
32 nonprofit organization shall only be eligible to receive a penalty
33 payment if it has been awarded a contract or grant in an amount
34 less than five hundred thousand dollars (\$500,000). For all other
35 businesses, the Controller shall pay penalties at a rate of 1 percent
36 above the rate accrued on June 30 of the prior year by the Pooled
37 Money Investment Account, not to exceed a rate of 15 percent,
38 except that, if the amount of the penalty is seventy-five dollars
39 (\$75) or less, the penalty shall be waived and not paid by the
40 Controller.

1 *SEC. 9. Section 927.11 of the Government Code is amended*
2 *to read:*

3 927.11. (a) Except in the case of a contract with a certified
4 small business, a nonprofit organization, or a nonprofit public
5 benefit corporation, if an invoice from a business under a contract
6 with the Department of Forestry and Fire Protection would become
7 subject to late payment penalties during the annually declared fire
8 season, as declared by the Director of Forestry and Fire Protection,
9 then the required payment approval date shall be extended by 30
10 calendar days.

11 (b) No nonprofit public benefit corporation shall be eligible for
12 a late payment penalty if a state agency fails to make timely
13 payment because no Budget Act has been enacted.

14 (c) If the Director of Finance determines that a state agency or
15 the Controller is unable to promptly pay an invoice as provided
16 for by this chapter due to a major calamity, disaster, or criminal
17 act, then otherwise applicable late payment penalty provisions
18 contained in ~~Section~~ *Sections 927.6 and 927.7* shall be suspended
19 except as they apply to a claimant that is either a certified small
20 business, a nonprofit organization, a nonprofit public benefit
21 corporation, or a small business or nonprofit organization that
22 provides services or equipment under the Medi-Cal program. The
23 suspension shall remain in effect until the Director of Finance
24 determines that the suspended late payment penalty provisions of
25 this section should be reinstated.

26 (d) Except as provided in subdivision (b), in the event a state
27 agency fails to make timely payment because no Budget Act has
28 been enacted, penalties shall continue to accrue until the time that
29 the invoice is paid.

30 *SEC. 10. Section 8880.61 of the Government Code is amended*
31 *to read:*

32 8880.61. State Lottery Fund

33 (a) A special fund to be known as the “State Lottery Fund” is
34 created within the State Treasury ~~which~~ *that* is continuously
35 appropriated for carrying out the purposes of this chapter. The
36 fund shall receive all proceeds from the sales of lottery tickets or
37 shares, the temporary line of credit for initial startup costs, and all
38 other moneys credited to the Lottery from any other source. The
39 Treasurer shall designate a depository to receive lottery proceeds

1 for transmission to the State Treasury and for deposit in the State
2 Lottery Fund.

3 (b) Except as provided by this chapter, moneys in the General
4 Fund or any other state fund shall not be transferred to the State
5 Lottery Fund or otherwise used to support the California State
6 Lottery or the Lottery Commission, or to pay the debts, obligations,
7 or encumbrances of the State Lottery Fund or the Commission.

8 (c) ~~(1)~~ Notwithstanding any other ~~provision~~ of law, the
9 Controller may use the moneys in the State Lottery Fund for loans
10 to the General Fund as provided in Sections 16310 and 16381.
11 Interest shall be paid on all moneys loaned to the General Fund
12 from the State Lottery Fund. Interest payable shall be computed
13 at a rate of 110 percent of the Pooled Money Investment Account
14 rate, with the interest accruing on the date the loan is made from
15 the State Lottery Fund to the General Fund. This subdivision does
16 not authorize any transfer that will interfere with the carrying out
17 of the object for which the State Lottery Fund was created.

18 ~~(2) This subdivision shall remain in effect only until September~~
19 ~~30, 2009.~~

20 *SEC. 11. Section 13311.1 is added to the Government Code,*
21 *to read:*

22 *13311.1. (a) Notwithstanding any other provision of law,*
23 *including, but not limited to, Section 13311, in order to achieve*
24 *effective management of state cash resources, the Director of*
25 *Finance, may defer payments of General Fund moneys in July*
26 *through September of 2009, in an amount not to exceed seven*
27 *hundred fifty million dollars (\$750,000,000), appropriated to the*
28 *University of California in the 2009 Budget Act.*

29 *(b) Of the amount deferred pursuant to subdivision (a), the*
30 *payment of two hundred fifty million dollars (\$250,000,000) shall*
31 *be made in October 2009. The payment of the remaining amount*
32 *deferred pursuant to subdivision (a) shall occur no earlier than*
33 *April 2010 and at the earlier of (1) the day after all outstanding*
34 *revenue anticipation notes issued by the state in 2009–10 have*
35 *been repaid, as determined by the Director of Finance, or (2) June*
36 *30, 2010.*

37 *(c) Notwithstanding any other provision of law, in order to*
38 *achieve effective management of state cash resources, the Director*
39 *of Finance may defer payments of General Fund moneys in July*
40 *2009, in an amount not to exceed two hundred ninety million*

1 *dollars (\$290,000,000) appropriated to the California State*
2 *University in the 2009 Budget Act.*

3 *(d) The payment of the amount deferred pursuant to subdivision*
4 *(c) shall be made in October 2009.*

5 *SEC. 12. Section 13943.1 of the Government Code is amended*
6 *to read:*

7 13943.1. (a) Except as provided in subdivision (b), a discharge
8 granted pursuant to this chapter to a state agency or employee does
9 not release any person from the payment of any tax, license, fee,
10 or other money that is due and owing to the state.

11 (b) A discharge granted pursuant to this chapter to the Franchise
12 Tax Board shall release a person from a liability for the payment
13 of any tax, fee, or other liability deemed uncollectible that is due
14 and owing to the state and extinguish that liability, if at least one
15 of the following conditions is met:

16 (1) The liability is for an amount less than ~~two hundred and fifty~~
17 ~~dollars (\$250)~~ *five hundred dollars (\$500).*

18 (2) The liable person has been deceased for more than four years
19 and there is no active probate with respect to that person.

20 (3) The Franchise Tax Board has determined that the liable
21 person has a permanent financial hardship.

22 (4) The liability has been unpaid for more than 30 years.

23 *SEC. 13. Section 13943.2 of the Government Code is amended*
24 *to read:*

25 13943.2. Upon authorization of the board, a state agency is not
26 required to collect taxes, licenses, fees, or money owing to the
27 state for any reason if the amount to be collected is ~~two hundred~~
28 ~~fifty dollars (\$250)~~ *five hundred dollars (\$500)* or less. A state
29 agency that seeks this authorization shall file an application with
30 the board accompanied by a statement of circumstances. Nothing
31 contained in this section shall be construed as releasing any person
32 from the payment of any money due the state.

33 *SEC. 14. Section 16583.1 is added to the Government Code,*
34 *to read:*

35 16583.1. *A participant may impose a reasonable fee, not to*
36 *exceed the actual costs, to recover the participant's collection*
37 *costs on a past due account.*

38 *SEC. 15. Section 16583.2 is added to the Government Code,*
39 *to read:*

1 16583.2. (a) A participant shall submit an annual report to
2 the Controller of the participant's accounts receivables and
3 discharged accounts.

4 (b) The Controller shall inform a participant, not less than 60
5 days before the annual report is required to be submitted to the
6 Controller, of both of the following:

7 (1) The format for the annual report.

8 (2) The submission date for the annual report.

9 SEC. 16. Section 7104.2 of the Revenue and Taxation Code is
10 amended to read:

11 7104.2. (a) The Transportation Investment Fund (hereafter
12 the fund) in the State Treasury is hereby continued in existence.
13 All revenues transferred to the fund pursuant to Article XIX B of
14 the California Constitution beginning with the 2008–09 fiscal year
15 shall be available for expenditure as provided in this section.
16 Notwithstanding Section 13340 of the Government Code or any
17 other provision of law, moneys in the fund are continuously
18 appropriated without regard to fiscal years for disbursement in the
19 manner and for the purposes set forth in this section.

20 (b) All of the following shall occur on a quarterly basis:

21 (1) The State Board of Equalization, in consultation with the
22 Department of Finance, shall estimate the amount that is transferred
23 to the General Fund under subdivision (b) of Section 7102 that is
24 attributable to revenue collected for the sale, storage, use, or other
25 consumption in this state of motor vehicle fuel, as defined in
26 Section 7304.

27 (2) The State Board of Equalization shall inform the Controller,
28 in writing, of the amount estimated under paragraph (1).

29 (3) Commencing with the 2008–09 fiscal year, the Controller
30 shall transfer the amount estimated under paragraph (1) from the
31 General Fund to the fund.

32 (c) For each quarter, commencing with the 2008–09 fiscal year,
33 the Controller shall make all of the following transfers and
34 apportionments from the fund:

35 (1) To the Public Transportation Account, a trust fund in the
36 State Transportation Fund, 20 percent of the revenues deposited
37 in the fund. Funds transferred under this paragraph shall be made
38 available as follows:

39 (A) Twenty-five percent for purposes of Section 99315 of the
40 Public Utilities Code, subject to appropriation by the Legislature.

(B) Thirty-seven and one-half percent to the Controller, for allocation pursuant to Section 99314 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99314 of the Public Utilities Code. These funds are continuously appropriated to the Controller for purposes of this subparagraph.

(C) Thirty-seven and one-half percent to the Controller, for allocation pursuant to Section 99313 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99313 of the Public Utilities Code. These funds are continuously appropriated to the Controller for purposes of this subparagraph.

(D) Notwithstanding subparagraphs (A), (B), and (C), for the 2009–10 to 2012–13 fiscal years, inclusive, all funds transferred under this paragraph shall be made available only for purposes of Section 99315 of the Public Utilities Code, subject to appropriation by the Legislature.

(2) To the Department of Transportation for expenditure for transportation capital improvement projects subject to all of the rules governing the State Transportation Improvement Program, 40 percent of the revenues deposited in the fund.

(3) To the Controller for apportionment pursuant to paragraphs (A) and (B), 40 percent of the revenues deposited in the fund.

(A) Of the amount available under this paragraph, 50 percent shall be apportioned by the Controller to the counties, including a city and county, in accordance with the following formulas:

(i) Seventy-five percent of the funds payable under this subparagraph shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state.

(ii) Twenty-five percent of the funds payable under this subparagraph shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bears to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

1 (B) Of the amount available under this paragraph, 50 percent
2 shall be apportioned by the Controller to cities, including a city
3 and county, in the proportion that the total population of the city
4 bears to the total population of all the cities in the state.

5 (d) Funds received under subparagraph (A) or (B) of paragraph
6 (3) of subdivision (c) shall be deposited as follows in order to avoid
7 the commingling of those funds with other local funds:

8 (1) In the case of a city, into the city account that is designated
9 for the receipt of state funds allocated for transportation purposes.

10 (2) In the case of a county, into the county road fund.

11 (3) In the case of a city and county, into a local account that is
12 designated for the receipt of state funds allocated for transportation
13 purposes.

14 (e) Funds allocated to a city, county, or city and county under
15 subparagraph (A) or (B) of paragraph (3) of subdivision (c) shall
16 be used only for street and highway maintenance, rehabilitation,
17 reconstruction, and storm damage repair. For purposes of this
18 section, the following terms have the following meanings:

19 (1) “Maintenance” means either or both of the following:

20 (A) Patching.

21 (B) Overlay and sealing.

22 (2) “Reconstruction” includes any overlay, sealing, or widening
23 of the roadway, if the widening is necessary to bring the roadway
24 width to the desirable minimum width consistent with the
25 geometric design criteria of the department for 3R (reconstruction,
26 resurfacing, and rehabilitation) projects that are not on a freeway,
27 but does not include widening for the purpose of increasing the
28 traffic capacity of a street or highway.

29 (3) “Storm damage repair” is repair or reconstruction of local
30 streets and highways and related drainage improvements that have
31 been damaged due to winter storms and flooding, and construction
32 of drainage improvements to mitigate future roadway flooding and
33 damage problems, in those jurisdictions that have been declared
34 disaster areas by the President of the United States, where the costs
35 of those repairs are ineligible for emergency funding with Federal
36 Emergency Relief (ER) funds or Federal Emergency Management
37 Administration (FEMA) funds.

38 (f) (1) Cities and counties shall maintain their existing
39 commitment of local funds for street and highway maintenance,
40 rehabilitation, reconstruction, and storm damage repair in order to

1 remain eligible for the allocation of funds pursuant to subparagraph
2 (A) or (B) of paragraph (3) of subdivision (c).

3 (2) In order to receive any allocation pursuant to subparagraph
4 (A) or (B) of paragraph (3) of subdivision (c), the city or county
5 shall annually expend from its general fund for street, road, and
6 highway purposes an amount not less than the annual average of
7 its expenditures from its general fund during the 1996–97,
8 1997–98, and 1998–99 fiscal years, as reported to the Controller
9 pursuant to Section 2151 of the Streets and Highways Code. For
10 purposes of this paragraph, in calculating a city’s or county’s
11 annual general fund expenditures and its average general fund
12 expenditures for the 1996–97, 1997–98, and 1998–99 fiscal years,
13 any unrestricted funds that the city or county may expend at its
14 discretion, including vehicle in-lieu tax revenues and revenues
15 from fines and forfeitures, expended for street and highway
16 purposes shall be considered expenditures from the general fund.
17 One-time allocations that have been expended for street and
18 highway purposes, but which may not be available on an ongoing
19 basis, including revenue provided under the Teeter Plan Bond Law
20 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
21 of Division 2 of Title 5 of the Government Code, may not be
22 considered when calculating a city’s or county’s annual general
23 fund expenditures.

24 (3) For any city incorporated after July 1, 1996, the Controller
25 shall calculate an annual average of expenditure for the period
26 between July 1, 1996, and December 31, 2000, that the city was
27 incorporated.

28 (4) For purposes of paragraph (2), the Controller may request
29 fiscal data from cities and counties in addition to data provided
30 pursuant to Section 2151, for the 1996–97, 1997–98, and 1998–99
31 fiscal years. Each city and county shall furnish the data to the
32 Controller not later than 120 days after receiving the request. The
33 Controller may withhold payment to cities and counties that do
34 not comply with the request for information or that provide
35 incomplete data.

36 (5) The Controller may perform audits to ensure compliance
37 with paragraph (2) when deemed necessary. Any city or county
38 that has not complied with paragraph (2) shall reimburse the state
39 for the funds it received during that fiscal year. Any funds withheld
40 or returned as a result of a failure to comply with paragraph (2)

1 shall be reallocated to the other counties and cities whose
2 expenditures are in compliance.

3 (6) If a city or county fails to comply with the requirements of
4 paragraph (2) in a particular fiscal year, the city or county may
5 expend during that fiscal year and the following fiscal year a total
6 amount that is not less than the total amount required to be
7 expended for those fiscal years for purposes of complying with
8 paragraph (2).

9 (7) The allocation made under subparagraph (A) or (B) of
10 paragraph (3) of subdivision (c) shall be expended not later than
11 the end of the fiscal year following the fiscal year in which the
12 allocation was made, and any funds not expended within that period
13 shall be returned to the Controller and shall be reallocated to the
14 other cities and counties pursuant to the allocation formulas set
15 forth in subparagraph (A) or (B) of paragraph (3) of subdivision
16 (c).

17 (g) For the purpose of allocating funds under subparagraph (A)
18 or (B) of paragraph (3) of subdivision (c) to counties, cities, and
19 a city and county, the Controller shall use the most recent
20 population estimates prepared by the Demographic Research Unit
21 of the Department of Finance. For a city that incorporated after
22 January 1, 2008, that does not appear on the most recent population
23 estimates prepared by the Demographic Research Unit, the
24 Controller shall use the population determined for that city under
25 Section 11005.3.

26 (h) (1) *Notwithstanding any other law, the quarterly*
27 *apportionments scheduled to be made in October 2009 and January*
28 *2010 pursuant to paragraph (3) of subdivision (c) shall be*
29 *suspended and deferred until May 31, 2010.*

30 (2) *For the purpose of meeting the cash obligations associated*
31 *with ongoing budgeted costs, a city or county may make use of*
32 *any cash balance in its city or county road fund, including that*
33 *resulting from the receipt of funds pursuant to the Highway Safety,*
34 *Traffic Reduction, Air Quality, and Port Security Bond Act of 2006*
35 *(Chapter 12.49 (commencing with Section 8879.20) of Division 1*
36 *of Title 2 of the Government Code (hereafter bond act)) for local*
37 *street and road maintenance, during the period of this suspension,*
38 *without the use of this cash being reflected as an expenditure of*
39 *bond act funds, provided the cash is replaced once this suspension*
40 *is repaid. Nothing in this paragraph shall change the fact that*

1 *expenditures must be accrued and reflected from the appropriate*
2 *funding sources for which the moneys were received and meet all*
3 *requirements of those funding sources.*

4 SEC. 17. *Section 35 of Chapter 757 of the Statutes of 2008, as*
5 *amended by Section 23 of the Statutes of 2009, Third Extraordinary*
6 *Session, is amended to read:*

7 Sec. 35. (a) ~~The sum of five hundred forty million dollars~~
8 ~~(\$540,000,000)~~ *six hundred fifty-five million dollars (\$655,000,000)*
9 is hereby appropriated from the General Fund to the Board of
10 Governors of the California Community Colleges for
11 apportionments to community college districts, for expenditure
12 during the 2009–10 fiscal year, to be expended in accordance with
13 Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget
14 Act of 2008.

15 (b) The disbursement of funds appropriated in subdivision (a) shall
16 be deferred until July of the 2009–10 fiscal year. This appropriation
17 and deferment represent one hundred fifteen million dollars
18 (\$115,000,000) of the January apportionment to community college
19 districts, one hundred fifteen million dollars (\$115,000,000) of the
20 February apportionment to community college districts, fifty-five
21 million dollars (\$55,000,000) of the March apportionment to
22 community college districts and fifty-five million dollars
23 (\$55,000,000) of the April apportionment to community college
24 districts, *fifty-seven million five hundred thousand dollars*
25 *(\$57,500,000) of the April apportionment to community colleges*
26 *and fifty-seven million five hundred thousand dollars (\$57,500,000)*
27 *of the May apportionment to community colleges*, and two hundred
28 million dollars (\$200,000,000) of the June apportionment to
29 community college districts.

30 (c) For the purposes of making the computations required by
31 Section 8 of Article XVI of the California Constitution, the
32 appropriation made by subdivision (a) shall be deemed to be
33 “General Fund revenues appropriated for community college
34 districts,” as defined in subdivision (d) of Section 41202 of the
35 Education Code, for the 2009–10 fiscal year, and included within
36 the “total allocations to school districts and community college
37 districts from General Fund proceeds of taxes appropriated pursuant
38 to Article XIII B,” as defined in subdivision (e) of Section 41202
39 of the Education Code, for the 2009–10 fiscal year.

1 *SEC. 18. Section 39 of Chapter 12 of the Statutes of 2009,*
2 *Third Extraordinary Session is amended to read:*

3 Sec. 39. (a) Notwithstanding Sections 84320, 84321, and
4 84321.5 of the Education Code and any other law that covers the
5 regulations adopted by the Chancellor of the California Community
6 Colleges to disburse funds, two hundred million dollars
7 (\$200,000,000) from the payment of apportionments to districts
8 pursuant to Sections 84320, 84321, and 84321.5 of the Education
9 Code for July 2009, shall be deferred to October 2009.

10 (b) Notwithstanding any other law, one billion dollars
11 (\$1,000,000,000) from the payment of apportionments pursuant
12 to Section 14041 of the Education Code for July 2009, to local
13 educational agencies that maintain kindergarten and any of grades
14 1 to 12, inclusive, shall be deferred to ~~October~~ *December* 2009.

15 (c) Notwithstanding any other law, one billion five hundred
16 million dollars (\$1,500,000,000) from the payment of
17 apportionments pursuant to Section 14041 of the Education Code
18 for August 2009, to local educational agencies that maintain
19 kindergarten or any of grades 1 to 12, inclusive, shall be deferred
20 to October 2009.

21 (d) *Notwithstanding any other law, one billion dollars*
22 *(\$1,000,000,000) from the payment of apportionments pursuant*
23 *to Section 14041 of the Education Code for November 2009, to*
24 *local educational agencies that maintain kindergarten and any of*
25 *grades 1 to 12, inclusive, shall be deferred to January 2010.*

26 ~~(d)~~

27 (e) (1) Notwithstanding subdivisions (b) ~~and (c)~~, (c), and (d)
28 and subject to the approval of the Director of Finance, the
29 Controller shall issue warrants pursuant to Section 14041 of the
30 Education Code that include the full amount of the apportionment
31 payments for the months of July ~~and August~~, *August, and*
32 *November* for a local educational agency for which the county
33 superintendent of schools certifies to the Superintendent of Public
34 Instruction and to the Director of Finance on or before ~~May 15~~
35 *July 10*, 2009, that the deferral of warrants pursuant to subdivisions
36 (b) and (c) will result in qualifying the local educational agency
37 for an emergency apportionment pursuant to Article 2
38 (commencing with Section 41320) of Chapter 3 of Part 24 of
39 Division 3 of Title 2 of the Education Code.

(2) *In order for a county office of education to receive payments pursuant to paragraph (1), the Superintendent of Public Instruction shall determine, and notify the Director of Finance on or before July 10, 2009, that the deferral of warrants pursuant to subdivisions (b) and (c) will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.*

(3) *In order for a charter school to receive payments pursuant to paragraph (1), the chartering authority shall determine, in consultation with the county superintendent of schools, and notify the Superintendent of Public Instruction and the Director of Finance on or before July 10, 2009, that the deferral of warrants pursuant to subdivisions (b) and (c) will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the determination specified in this section.*

~~(e)~~

(f) *Notwithstanding subdivision (a) and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Sections 84320, 84321, and 84321.5 of the Education Code that include the full amount of the apportionment payments for the month of July for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before May 15, 2008 July 10, 2009, that the deferral of warrants pursuant to subdivision (a) will present an imminent threat to the fiscal integrity and security of the community college.*

~~(f)~~

(g) *This section shall apply to payments in the 2009–10 fiscal year only.*

SEC. 19. Section 40 of Chapter 12 of the Statutes of 2009, Third Extraordinary Session is amended to read:

~~SEC. 40.—~~

Sec. 40. (a) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that covers the

1 regulations adopted by the Chancellor of the California Community
2 Colleges to disburse funds, the payment of apportionments to
3 districts pursuant to Sections 84320, 84321, and 84321.5 of the
4 Education Code for the months of January and February, in the
5 amount of one hundred fifteen million dollars (\$115,000,000) for
6 each month, and the months of March and April, in the amounts
7 of fifty-five million dollars (\$55,000,000) for each month, shall
8 be deferred to July. The total amount of these payments deferred
9 to the month of July shall be three hundred forty million dollars
10 (\$340,000,000).

11 *(b) Notwithstanding Sections 84320, 84321, and 84321.5 of the*
12 *Education Code and any other law that governs the regulations*
13 *adopted by the Chancellor of the California Community Colleges*
14 *to disburse funds, the payment of apportionments to districts*
15 *pursuant to Sections 84320, 84321, and 84321.5 of the Education*
16 *Code for the months of April and May, in the amounts of fifty-seven*
17 *million five hundred thousand dollars (\$57,500,000) for each*
18 *month, shall be deferred to July. The total amount of these*
19 *payments deferred to the month of July shall be one hundred fifteen*
20 *million dollars (\$115,000,000).*

21 ~~(b)~~

22 *(c) This section is retroactively operative commencing with the*
23 *2008–09 fiscal year.*

24 *SEC. 20. Section 41 of Chapter 12 of the Statutes of 2009,*
25 *Third Extraordinary Session is amended to read:*

26 *Sec. 41. (a) The sum of ~~five hundred forty million dollars~~*
27 *~~(\$540,000,000)~~ six hundred fifty-five million dollars (\$655,000,000)*
28 *is hereby appropriated from the General Fund to the Board of*
29 *Governors of the California Community Colleges for*
30 *apportionments to community college districts, for expenditure*
31 *during the 2010–11 fiscal year, to be expended in accordance with*
32 *Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget*
33 *Act of 2009.*

34 *(b) The disbursal of funds appropriated in subdivision (a) shall*
35 *be deferred until July of the 2010–11 fiscal year. This appropriation*
36 *and deferment represent one hundred fifteen million dollars*
37 *(\$115,000,000) of the January apportionment to community college*
38 *districts, one hundred fifteen million dollars (\$115,000,000) of the*
39 *February apportionment to community college districts, fifty-five*
40 *million dollars (\$55,000,000) of the March apportionment to*

1 community college districts and fifty-five million dollars
2 (\$55,000,000) of the April apportionment to community college
3 districts, *fifty-seven million five hundred thousand dollars*
4 *(\$57,500,000) of the April apportionment to community college*
5 *districts and fifty-seven million five hundred thousand dollars*
6 *(\$57,500,000) of the May apportionment to community college*
7 *districts*, and two hundred million dollars (\$200,000,000) of the
8 June apportionment to community college districts.

9 (c) For the purposes of making the computations required by
10 Section 8 of Article XVI of the California Constitution, the
11 appropriation made by subdivision (a) shall be deemed to be
12 “General Fund revenues appropriated for community college
13 districts,” as defined in subdivision (d) of Section 41202 of the
14 Education Code, for the 2010–11 fiscal year, and included within
15 the “total allocations to school districts and community college
16 districts from General Fund proceeds of taxes appropriated pursuant
17 to Article XIII B,” as defined in subdivision (e) of Section 41202
18 of the Education Code, for the 2010–11 fiscal year.

19 *SEC. 21. The Legislature finds and declares that Section 10*
20 *of this act furthers the purpose of the California State Lottery Act*
21 *of 1984, enacted by Proposition 37 at the November 6, 1984,*
22 *statewide general election.*

23 *SEC. 22. This act is an urgency statute necessary for the*
24 *immediate preservation of the public peace, health, or safety within*
25 *the meaning of Article IV of the Constitution and shall go into*
26 *immediate effect. The facts constituting the necessity are:*

27 *In order to ensure that the state may meet its financial*
28 *obligations and avoid a fiscal crisis, it is necessary that this act*
29 *take effect immediately.*

30 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
31 ~~changes relating to the Budget Act of 2009.~~